**The development of Czech external trade**

**since its joining the European Union till 2013**

The presented data set provides Czech external trade data and information about its development since joining the European Union in 2004. Presented figures describe external trade of the Czech Republic according to the movement from numerous viewpoints. According to their topic, they are divided into several parts:

# main indicators of external trade,

# external trade in individual time periods,

# territorial structure of external trade,

# main external trade partners,

# commodity structure of external trade.

# The data introduced in following figures are final, all of time intervals in the data set are closed and thus statistical data will not change any more.

# Main indicators of external trade

**1993 - 2013**

The development of external trade between 1993 and 2013 shows the table 1.1. Significant breakpoint is visible forthwith after the Czech Republic joining the European Union, in 2005, when exports began exceeding imports and thereby the trade balance has reached its first surplus (CZK 38.6 bn) since the creation of independent Czech Republic. In 2013 achieved the trade balance CZK 351.2 bn.

In discussed years the external trade turnover was increasing with the exception of crisis year 2009. In comparison with 1993 turnover increased its value in 2013 sevenfold and reached CZK 5 998.2 bn.

**2004 - 2013**

It was ten years in May 2014 since the Czech Republic joined the European Union. During these years the Czech Republic on account of free trade area within European Union has maintained significant share of trade with other European countries and further managed to reach long term surplus of external trade balance. Traditionally, neighbouring countries, all European Union members, as well, are for the Czech Republic and its trade very important.

Graph 1 External trade, 2004 - 2013



Introductory tables 2.1, 2.2 and 2.3 present Czech external trade with EU member states as well as with countries outside the European Union in CZK, EUR and USD respectively. Since the Czech Republic joining the EU there have occurred the percentage decrease of share of both export and import to the EU in Czech external trade statistics and thereby similarly decrease of external trade turnover with other EU member states. Whereas the external trade turnover with EU member states amounted to 80.0 % of overall Czech external trade turnover, in 2013 it was 73.6 %. In the ten years run the share has decreased by more than 6 p. p. Adequately to aforementioned decrease there is visible the increase in overall trade with countries outside European Union, where particularly China, Russia and United States rank among the most important trade partners of the Czech Republic. Especially trade with China has dynamically increased during the followed 10 years.

The Czech external trade balance with non-EU countries is typical for its deficit of external trade balance, unlike the balance with EU member states. Imports from these countries (the Czech Republic imported in 2013 the goods in value of CZK 968.4 bn) thus outweigh exports (the Czech Republic exported in 2013 the goods in value of CZK 599.3 bn).

Graph 2 Trade balance - total, with the EU member states and with non-EU countries, 2004 - 2013



## External trade in individual time periods

The data set contains tables which include:

# monthly,

# quarterly,

# semi-annual data.

The table 3.1 in CZK, EUR a USD shows the development of external trade in individual semi-annuals of discussed years. With the exception of years 2008 and 2012 when export and import reached higher values in the first half year, stronger second half of the year generally predominate in exports, imports and external trade turnover. In the first half year of 2012 exported goods reached value of CZK 1 556.8 CZK bn while in second half it was CZK 1 515.8 bn.

Graph 3 Trade balance in respective half-years, 2004 - 2013



The table 3.2 shows the development of main indicators of external trade in 2004 – 2013 in individual months and consequently in quarters. Generally, pre-Christmas months September, October and November months are the strongest ones. Conversely, the begging of the year when there is weakening of trade after Christmas as well as summer holiday´s months (July and August) when there are many corporations which have their beforehand planned holidays are weaker times of a year.

Seasonality affects also the external trade balance, the undermost balance occurs usually in December, in particular years (2004 – 2008) deficit of trade balance in December in statistics occurred. In November 2013 the balance reached CZK 36.0 bn while in December has the balance achieved surplus only in value of CZK 9.2 bn. Generally the balance surplus trend (in recent years there is only surplus in Czech trade balance) differs in last quarters in individual years. In 2009 the balance reached both in 1st and 4th quarter approximately the same value CZK 34.0 bn, already in 2010 were both figures significantly different when balance in 1st quarter reached CZK 49.5 bn whereas in last quarter of the year 23.6 CZK bn. On the contrary, in 2011 the balance recorded the highest surplus of the year, CZK 57.7 bn. In following years the aforementioned indicator attained approximately by CZK 20 bn lower value in the 4th than in the 1st quarter of the year.

# Territorial structure of external trade

* 1. **Trade with European Union member states**

External trade of the Czech Republic by groups of countries depending upon their joining the European Union is shown in the table 3.3; indicators there are displayed in CZK bn and by index. The aforementioned fact, that the share of trade with EU on total Czech trade is decreasing, is further affirmed in this table.

Imports in 2013 were formed by EU 15 countries by 47.5%. Since 2005 (the first whole year of the Czech Republic membership in the European Union) has the EU15´s share decreased by 10.2 p. p. In 2013 EU25 group of countries created the share of imports which achieved 63.9%. Trade with only EU15 countries which with less than 48% share builds majority of EU25´s imports is obviously included as well. Last two countries Bulgaria and Romania (EU27) and finally Croatia (EU28) joined the EU after 2004, in 2013, imports from EU27 reached 65.1% of overall imports; compared to EU25 only increase in share of imports is thus visible.

Graph 4 Exports and imports by group of countries in 2013 (shares in %)

exports imports



The Czech Republic generally exports to EU higher share of goods than it imports, this trend is influenced by dynamic increase of imports from non-EU countries, especially from Asia, particularly from China. In 2013 exports to EU15 achieved 60.3% of overall Czech exports, in 2005 the same indicator showed 66%, the decrease of exports´ share was therefore lower than in case of imports.

In case of exports to EU25 the difference of EU15 oscillates at 20 p. p. The impacts of economic crisis are clearly visible in part of the table describing indexes, in 2008 and 2009 there is apparent decrease concerning all indicators compared to previous year, regardless the number of EU countries. In following years compared to previous years the indicators obversely increased in fairly rapid rate whereas growth rates were not markedly discern after division the EU on individual groups of countries, EU15 registered reasonably slower growth rate in both exports and imports and thereby also in turnover.

Graph 5 External trade with the EU member states and with non-EU countries (in CZK billion), 2004 – 2013

exports imports



In last two years (2012 and 2013) the growth rates of Czech external trade decreased and compared to previous years the turnover showed in 2012 y-o-y increment by fewer than 5% and in 2013 by 2.7%. Exports increased more significantly, by 6.7% in 2012 while EU15 contributed to this growth by 2.7%. Total imports increased in 2012 by 3% comparing to 2011, and in 2013 by 2% comparing to 2012.

* 1. **Trade with Eurozone countries**

The table 3.4 describes the external trade of the Czech Republic with Eurozone countries in CZK million and according to the share in %. The Czech Republic is not the Eurozone member country. Weakening representation Eurozone countries in turnover, imports and exports of the Czech Republic become also here evident.

The first 12 Eurozone member states participated in exports of the Czech Republic in 2013 by 53.2% and in imports by 44.1%. The coverage of imports by exports in 2013 in these countries reached 135.7%. The situation has since 2004 improved because then the indicator achieved 112.5% and in continuance of tracked years the coverage of imports by exports showed continuing growth, which in crisis year 2009 overpassed the limit of 130%.

Graph 6 Turnover of the Czech Republic with Eurozone countries



The difference between Eurozone countries 12 and 18 in the share of Czech external trade is not significant. Eurozone 18 countries in 2013 formed 57.0% of turnover whereas Eurozone 12 countries formed 48.9%. In 2004 created the difference between countries of these groups 7.6 p. p.

* 1. **Trade by continents**

The table 3.5 shows external trade by continents in CZK million share in % and by index. By far the most the Czech Republic is trading with other European countries, exports to Europe created 90.0% of overall exports and 75.0% of imports.

Especially imports are influenced by fairly high imports from Asia which in 2013 formed already 20.4% of overall imports while in 2004 it was by 6 p. p. less.

Graph 7 Imports to the Czech Republic by continents



In 2009 Czech external trade with Asia overpassed the border of 20% share in imports, in 2010 grew the share to 23.2% however since following year has the share slightly decreased.

The share of imports and exports from America moved in both directions of trade above 3 % border in 2013. Nevertheless the share of imports from America has decreased since the Czech Republic joined the EU whereas the share of exports has slightly increased. We register increase in both indicators and also in all continents since 2010, only imports from Asia have since 2012 decreased in comparison with previous year.

* 1. **Trade with neighbouring countries**

Trade with neighbouring countries is important part of overall Czech external trade, in the long term Germany is the most important Czech business partner both in exports and imports. This fact is also confirmed in the table 3.6 ‑ external trade of the Czech Republic with neighbouring countries in CZK million and shares in %.

Graph 8 External trade with neighbouring countries, 2013 (shares in %)

exports imports



In the year the Czech Republic joined the EU exports to Germany accounted for 64.7% of exports to neighbouring countries and 36.2% of total exports of the Czech Republic. Imports to Germany in 2004 contained higher share than exports, accounted for 69.2% of imports to neighbouring countries and 31.7% of total imports to the Czech Republic. German share during tracked time period slightly decreased thorough Germany retained the position of the strongest trade partner of the Czech Republic[[1]](#footnote-1). From remaining neighbouring countries very important are similarly Slovakia and Poland whose share both of exports and imports is increasing, mainly share of exports to these countries.

# Main external trade partners of the Czech Republic

EU member states belong among main external trade partners of the Czech Republic thorough on the leading positions in statistics of important countries for the Czech Republic could be seen also China, Russian Federation, United States or Japan as non-EU countries.

Tables 4.1 - 4.4 provide summary of main external trade partners of the Czech Republic in 2004, 2007, 2010 and 2013. As was shown in tables above, in aforementioned years, the main trade partner of the Czech Republic was Germany in exports and imports as well as turnover. In 2004 Slovakia ranked as the second main trade partner in all abovementioned indicators, its share on turnover of the Czech Republic was 6.9%. Already in 2007 China was on the second position in imports with share 7.8% of overall Czech imports.

Table 1 Country rankings by Czech exports

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2004 | 2006 | 2008 | 2010 | 2012 | 2013 |
| 1. | Germany | Germany | Germany | Germany | Germany | Germany |
| 2. | Slovakia | Slovakia | Slovakia | Slovakia | Slovakia | Slovakia |
| 3. | Austria | Poland | Poland | Poland | Poland | Poland |
| 4. | Poland | France | France | France | France | France |
| 5. | United Kingdom | Austria | United Kingdom | United Kingdom | United Kingdom | United Kingdom |

The Czech Republic's trade with China is specific with its markedly negative trade balance; imports from China reached high values while exports in 2007 were ranked on 21st position among the most important trade partners´ evaluation. This fact caused that the turnover of trade with Slovakia remained also in 2007 considerably high in value (CZK 342.6 bn) and continued ranked on the second position with 7% share on overall Czech turnover while China ranked on 7th position. Identical representation of countries on the second position continued the same also in following tracked years.

In 2004 Czech exports to Austria accounted for 6.0% of overall exports and also turnover of trade with Austria was significant, it reached CZK 173.8 bn which presented 5% of overall turnover.

Third most important imports´ partner of the Czech Republic was in 2004 Italy with 5.3% share of overall Czech imports. After joining of the Czech Republic to the EU has the trend changed and Poland was gaining continually higher impact on the Czech external trade. In 2007 Poland ranked on the third position in all tracked indicators with less than 6% share of turnover and exports, in imports embodied imports to Poland 5.7% share.

Table 2 Country rankings by Czech imports

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2004 | 2006 | 2008 | 2010 | 2012 | 2013 |
| 1. | Germany | Germany | Germany | Germany | Germany | Germany |
| 2. | Slovakia | China | China | China | China | China |
| 3. | Italy | Russia | Russia | Poland | Poland | Poland |
| 4. | China | Poland | Poland | Russia | Slovakia | Slovakia |
| 5. | Poland | Slovakia | Slovakia | Slovakia | Russia | Russia |

In time period forthwith after economic crisis, in 2010, China ranked on third position in external trade turnover. China's share in imports to the Czech Republic has nearly doubled since 2007 and despite the fact that China ranked on 17th position in overall exports, total turnover with China in 2010 created 6.5% of overall external trade turnover. In 2013 Poland came in front of China once again.

Following table 4.5 complements preceding tables and digestedly shows ranking of individual countries in Czech exports and imports and its share of overall exports and imports respectively, the indicator is expressed as a percentage.

Membership in the European Union offers the indication that the Czech external trade concentrates on trade with other member states which is encouraged by existence of free trade area in EU. It is accurate that the most important trade partners of the Czech Republic are likewise member states of EU, but also non-EU countries especially Asian countries are more visible among the most important external trade partners of the Czech Republic in preceding years.

Graph 9 The most important trade partners, 2013

exports imports



Turnover, exports, imports and the trade balance of the Czech Republic with selected worldwide countries are consecutively presented in tables 5.1 – 5.4. The tables display y-o-y change of particular indicator and its change in comparison 2004 in CZK million, moreover y-o-y index and share of chosen indicator of particular country in relation to value of the total Czech trade.

The table 5.5 provides complex summary of aforementioned indicators in CZK million. The external trade balance of the Czech Republic is in overall expression positive, thus exports prevail over imports. However, for trade mostly with Asian countries a negative Czech external trade balance is rather typical; in 2013 the Czech Republic recorded deficit for example in trade with China (CZK 265.8 bn), Taiwan (CZK 18.8 bn), Thailand (CZK 19.1 bn), Malaysia (CZK 12.4 bn), South Korea (CZK 47.4 bn), Japan (CZK 34.9 bn) or Azerbaijan (CZK 23.6 bn).

# External trade structure of the Czech Republic by commodity

Statistical data are usually from commodity point of view divided according to several different classifications.

Widely internationally used classification is Standard International Trade Classification, SITC, used for example by the United Nations; one digit SITC provides basic information about sections of goods entering the international trade movement. Two digits SITC (divisions), likewise used in following tables, provides more detailed description of individual commodities.

In the European Union is widely used Combined Nomenclature, Harmonised System respectively. The Combine Nomenclature consists of eight-digit code and therefore enables most detailed classification of individual types of goods.

* 1. **External trade by Standard international trade classification**

External trade according to SITC describes the table 6.1. This table contains the data about turnover, exports, imports and balance in CZK million, as well as y-o-y index of development given SITC section and share of its representation in %.

Generally, 'machinery and transport equipment' which in external trade turnover in 2013 performed nearly 48% share are the most tradable in external trade of the Czech Republic. Similarly this SITC class has strong representation in the whole discussed time period.

Graph 10 Commodity structure of external trade, 2013 (shares in %)



Similarly, 'manufactured goods classified chiefly by material' (17.6% of overall turnover in 2013), 'miscellaneous manufactured articles' (11.0% of overall turnover in 2013) and 'chemicals and related products' (8.8% of overall turnover in 2013) are also often tradable goods in Czech external trade in the long term.

Motor cars or computer technology are for example classified in 'machinery and transport equipment'. Section 'manufactured goods classified chiefly by material' contains for example tyres, glass or paper, under 'miscellaneous manufactured articles' is classified furniture, footwear and clothing or toys. These commodities are in the Czech external trade represented by most significant share. Exports are in the long term dominated by 'machinery and transport equipment' whose exports in 2013 represented by nearly 54% of overall exports. Imports of this section expressed in percentage dominate also among other commodities, in 2013 its share of total imports of the Czech Republic accounted for 41.0%.

Exports and imports of the Czech Republic by the individual divisions of SITC are indicated in the table 6.2 in CZK million. In this table are moreover described individual sections of SITC and the summary of individual divisions of SITC both in Czech exports and imports.

In 2013 the Czech Republic exported road vehicles in the value of CZK 561.6 bn while in 2004 accounted the value of road vehicles for CZK 256.9 bn. Electrical machinery, apparatus and appliances were in 2013 exported in value of nearly CZK 310 bn.

Graph 11 External trade of motor cars and parts and accessories of the motor vehicles (in CZK billion)

exports imports



Value of road vehicles imports in 2013 reached nearly CZK 233 bn and electrical machinery, apparatus and appliances were in 2013 exported in value of CZK 274.3 bn. Another significant commodity in Czech imports is petroleum (imports in 2013 reached CZK 163.2 bn), since 2004 has the value of imported petroleum more than doubled.

* 1. **External trade by Harmonised system**

External trade by the different classification, the Combined Nomenclature classes, is shown in the table 6.3. This table is digestedly structured by turnover, exports, imports and external trade balance in CZK million, further is shown the development of aforementioned indicators with the exception of balance expressed also by index and by share in %.

In following tables there are individually presented selected items of the Combined Nomenclature and, moreover, they show the development of exports, imports and external trade balance of selected items in 2004 – 2013 in CZK million. On the basis of these selective tables thereinafter presented table and graph could be constructed.

Table 3 Machinery and mechanical appliance; electrical equipment; parts thereof (shares in %)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| share in % | | | | | | | | | |
| exports | 35.1 | 33.8 | 35.5 | 37.1 | 37.7 | 36.0 | 37.3 | 37.4 | 36.7 | 35.8 |
| imports | 32.7 | 30.5 | 32.3 | 33.8 | 32.8 | 33.1 | 35.4 | 34.0 | 33.0 | 32.5 |

Graph 12 External trade of automatic data-processing machines (HS 8471), 2004 - 2013



1. The trade with Germany is very important for the Czech Republic, because also mutual trade is to some extend influenced by economic situation in Germany and potential economic problems could be afterwards brought to the Czech Republic due to decrease of trade. Similarly for both countries quality and accuracy of statistical data are important, therefore the annual meeting of statisticians from both countries are held to conduct so called mirror comparison of statistical data. It contributes to matching the statistics of the same direction of trade in both countries.

   The mirror comparison often shows and reveals possible mistakes in statistics (it mainly concerns mistakes by providers of statistical information, discrepant statistical data could be likewise caused by dissimilar methodology of their collection) and therefore it can cause to their abolishment and elimination in the future. Moreover thanks to these meetings and mirror comparisons the quality of statistical data is maintained very high. The Czech Republic regularly conducts mirror comparisons both with European and non-EU countries, its important business partners. [↑](#footnote-ref-1)